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SUBJECT: MOSCOW RULES CONSTRAIN NIKITA BELYKH'S "LIBERAL EXPERIMENT" IN KIROV

Classified By: Political M-C Alice G. Wells for reasons 1.4 (b) and (d)

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**¶1. (C) Summary:** Our May 20-21 visit to Kirov, one week after President Medvedev's own visit, revealed tight Moscow limits on the ambitions of Governor Nikita Belykh, a former opposition leader who assumed office in January 2009. Unable to implement political or mass media reforms, Belykh has turned to economic and social projects to bolster the impoverished region. Timber, agriculture, and anti-corruption projects have been key priorities for Belykh, but on May 28 he will unveil new initiatives to trim the budget by moving residents from sparsely inhabited regions, while also issuing grants to municipalities for social and infrastructure projects. Belykh's top advisors described him as a hard-working micro-manager unwilling to delegate. Medvedev almost certainly will not duplicate his feat in naming an outsider as governor given a new law taking effect July 8 that requires local political party approval of nominees. End Summary.

Medvedev Embraces Belykh But Rules Out Political Reform

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**¶2. (C)** Our May 20-21 visit to Kirov revealed tight limits by Moscow on the ambitions of Governor Nikita Belykh, the former leader of the defunct Union of Right Forces (SPS) opposition party who assumed office in January 2009. Coming just one week after President Medvedev's own visit to Kirov (the first by a head of state in 185 years), our stay also illuminated a broad consensus that Moscow supports Belykh but has tightly restricted him from considering any political reforms. Top advisors to Belykh confirmed to us that Moscow has explicitly forbidden political reforms, with advisor Aleksey Novalniy explaining that the governor had "no independence" on political issues. Rather than the "liberal experiment" described by press reports, acting Deputy Governor Maria Gaidar (who worked with Belykh in SPS) forecast that Medvedev would never appoint another oppositionist as governor. (Note: A new law on appointing governors may confirm her prediction, as it would require approval of gubernatorial nominees by a region's dominant political party. A May 28 Vremya Novosti article detailed rumors that Medvedev may appoint a few additional governors from parties other than United Russia, but these would only be parties represented in the State Duma.)

**¶3. (C)** In addition to political reforms, Belykh also will have difficulty liberalizing broadcast media in the region. Maksim Solodyankin, who owns local media empire in Kirov that includes a television and radio station, told us May 20 that "nobody wants to be the first on the airwaves to test" how liberal Belykh is. Medvedev's visit, Solodyankin speculated, likely had the added purpose of reminding the region that "it is not a liberal dream world" now that Belykh is governor.

Local Officials Fall in Line to Support Belykh

¶ 14. (C) Regional and city officials we met were fulsome in heralding Belykh as an improvement over former governor Nikolay Shaklein. Medvedev's visit, according to several officials, clearly signaled that local elites should support the Kremlin's man in Kirov. Among political parties, Andrei Mauri (local publishing panjandrum and head of the regional Right Cause party) described Belykh as "smart" and "capable"; regional Communist Party (KPRF) head Sergey Mamayev praised Belykh as a "strong leader"; and Deputy Mayor Sergey Ulitin, a United Russia member, also affirmed his support for Belykh.

¶ 15. (C) Overall, however, United Russia support for Belykh remains tepid, but the party has few options for opposing the governor given Medvedev's strong show of support. Instead, United Russia has resorted to obstructionist tactics, such as refusing to approve four of Belykh's deputy governor appointments -- including Maria Gaidar. (Note: Acting deputy governors can operate fully without Duma approval, making their dilatory confirmation entirely symbolic.) Gaidar described her official limbo as the result of bitterness among local United Russia leaders, coupled with Medvedev's "royal tactic" of appointing Belykh without consulting those leaders.

#### Belykh's Economic Goals: Develop Industry, Fight Corruption

¶ 16. (C) Deprived of political outlets, Belykh has turned to economic reform as the best way to make his mark as governor. Kirov is a poor region, receiving more than 40 percent of

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its budget from the federal government, and wage arrears have doubled since the start of 2009. Government development had picked up in the region from 2002 through 2008, according to Deputy Governor (and former Vyatka Bank president) Oleg Kazakovtzev, but wider private investment would be necessary to sustain growth. Moving forward, Kazakovtzev elaborated, the region must redouble its efforts to maximize its comparative advantages in timber and agriculture.

¶ 17. (C) Belykh has prioritized anti-corruption, but local monopolies in supermarkets and other sectors have demonstrated the close existing ties between government and business. As first steps, Belykh nominated a federal Interior Ministry official on May 18 to be deputy governor for anti-corruption, and more symbolically promised to open a corruption museum to house illegal gifts to officials. Officials we met complained bitterly about corruption in the region, with the KPRF's Mamayev calling it an "absolute disgrace." Belykh has attempted to forge a public persona as accessible, but his advisor Novalniy noted that the governor also has not hidden the fact that he is wealthy -- which citizens would interpret to mean Belykh is incorruptible since he does not need more money. His economic advisor Aleksey Sitnikov, vice-rector of the New Economic School, estimated Belykh's worth at between 50-100 million USD, which he first amassed when he lived in Perm Region.

#### New Projects Will Move Residents, Introduce Local Grants

¶ 18. (C) By bringing in outside experts from Moscow, Irkutsk, and elsewhere, Belykh has turned to advisors to forge innovative economic strategies. On May 28, Belykh will deliver a speech to unveil a plan to streamline the region's budget and empower municipalities to develop their own projects. To trim expenses, Belykh's plan (as described to us by his advisors and speechwriters) would move up to 100,000 residents over 5 years (5,000 in the first year) from sparsely inhabited areas of the region to more populated towns and villages. Aleksey Sitnikov calculated that scores of regional villages were barely inhabited or uninhabited, and building new homes and moving people would cost less than

providing public services and utilities to remote residents. Belykh's office had not conducted any polling of those potentially affected. Using other data captured about the region's population, Belykh plans to conduct an accurate census to better assess tax revenues.

¶19. (C) Perhaps to salve expected anger about moving residents, the May 28 speech also will highlight a plan to fund local-level projects. Belykh's proposal would fund municipal-level programs up to 2.5 million rubles (just over 80,000 USD) for projects to include infrastructure, social and health systems, and community needs. Two World Bank representatives in Kirov during our visit confirmed that the Bank would not provide money, but instead offer assistance to local officials on applying for and administering funds.

What's in a Name: The Road to Vyatka

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¶10. (C) A recurring point of contention in Kirov has been Belykh's proposal to revert the city and region to their pre-Soviet name, Vyatka. Voters shot down the idea in a 1993 referendum, but Belykh has established a commission to investigate the proposal. The regional Duma would have to approve such a change, and the governor's advisors and KPRF agreed that voters would rely on a referendum to be held in 2011 in conjunction with regional elections. KPRF were the only interlocutors who favored keeping the Kirov name, but even KPRF's Mamayev acknowledged that public opinion does not support keeping the name.

Belykh's Leadership Style: Micro-Management at a Macro Pace

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¶11. (C) Belykh's advisors candidly described him as a micro-manager afraid to delegate but intent on working grueling hours. Maria Gaidar called Belykh "an implementer, not a strategic thinker," adding that his controlling style carried over from his tenure as head of SPS. As a result, Gaidar and Sitnikov concurred, Belykh often finds himself burdened with hours of sifting through and signing documents. Gaidar observed that completing such small concrete tasks brings Belykh more satisfaction than "fuzzy" strategic planning. Gaidar, Novalniy, and Sitnikov agreed that Belykh places high value on loyalty, unsurprising given Belykh's role as political outsider in Kirov.

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¶12. (C) Belykh's work ethic has also garnered attention, particular compared to his predecessor who reportedly spent barely seven hours each day at work. In the office from 7 a.m. to 7 p.m., Belykh travels throughout the region nearly every weekend to visit farms, businesses, and local politicians. Speculating on Belykh's motives for accepting the gubernatorial job in Kirov, Gaidar pragmatically noted that "working as a governor is better than not working in Moscow." Novalniy agreed, asking rhetorically, "Would you prefer every day for the police to arrest you or to salute you?"

Security Services Keep a Close Eye on Kirov

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¶13. (C) Moscow remains suspicious of Belykh, which gubernatorial advisors explained extends to the security services. According to Gaidar, regional Federal Security Service (FSB) reports go through Belykh, and all Americans visiting the region are closely watched and reported on -- including those in the region for business. All our administration meetings were scheduled to take place in the administration building, but Aleksey Sitnikov told us the FSB ordered that meetings with administration officials must happen elsewhere. When Belykh unexpectedly was on our overnight train back to Moscow, he joked that "a train may be the only place I can meet U.S. diplomats without the FSB."

Gaidar also reported that the Russian government is "very nervous about the U.S. Government coming to Kirov." When asked how this would affect possible USAID or assistance projects, she responded quickly that "USAID will wait a long time before they can do anything here." (Note: USAID officers visited Kirov on March 11-13, holding meetings with Belykh and other city and regional officials. At the time, Belykh told USAID that he welcomed their presence and assistance.)

Comment

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¶14. (C) Medvedev's appointment of Belykh was a public relations coup in the West and among Russia's independent journalists, with repeated news articles breathlessly detailing every aspect of the governor's first month, 100 days, etc. However, Moscow's tight restrictions on Belykh's agenda make his governorship resemble less a "liberal experiment" than a cynical sinecure earned by surrendering SPS. Serving at the pleasure of the Kremlin, and far from his base of opposition support in Moscow and St. Petersburg, Belykh operates in a confined political space. It remains unclear whether Belykh's optimism or Gaidar's pessimism about USAID cooperation with Kirov will prevail. Nevertheless, hopes that Belykh represents a new breed of governor or symbolizes Medvedev's secret liberal aspirations are premature, and Belykh may yet suffer blowback from his efforts to challenge entrenched corruption, change the region's name to Vyatka, and move tens of thousands of residents from their homes.

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